

City Treasurer



Department Description

The City Treasurer Department is responsible for receipt and custody of all City-wide revenue, including banking, tax administration, collection of delinquent accounts, and accounting for these funds. The City Treasurer is also responsible for the investment of all City operating and capital improvement funds totaling \$1.45 billion, and the reinvestment of debt proceeds of the City and its affiliated agencies totaling an additional \$158 million. In addition, the City Treasurer serves as a member of the Funds Commission and trustee for the SPSP/401(k) Plans. The major divisions of the City Treasurer Department are as follows:

Business and Rental Unit Tax

The Business and Rental Unit Tax Program administers the collection of the City's Business Tax and Rental Unit Business Tax assessments and fees, compliance enforcement, collection of Business Improvement District fees, and maintains the regulatory clearance review data for businesses operating within the City of San Diego.

General Accounting

The General Accounting Program is responsible for collecting fees, fines, permits, taxes, and other payments; processing Transient Occupancy Tax (TOT) returns and remittances; balancing and reporting all daily revenue transactions; accounting for daily cash deposits of City funds in various bank accounts; maintaining records for City investments; and accounting for investments in the Cemetery Perpetuity, Los Penasquitos Preserve and G.E. Peters, Effie Sergeant and Edwin A. Benjamin Memorial Trust Funds.

Investments

In compliance with the City Treasurer's Investment Policy, the Investments Division manages the City's operating, capital improvement, and project financing funds in order to safely preserve principal, provide adequate liquidity, and earn a return comparable to performance benchmarks. The Investments Division manages the reinvestment of additional bond proceeds for the City, City Agencies, and Joint Power Authorities. The Division provides cash management services, including maintenance of banking relationships and reviewing new banking legislation. The Division also assists in the development and implementation of new payment and collection systems for the City, which includes participating in the review, implementation, and monitoring of all electronic banking services, e-commerce systems, and third party payment processing services.

Revenue Audit & Appeals

The Revenue Audit & Appeals Division conducts audits of hotels, lessees, and franchises to ensure revenues due to the City are remitted timely and accurately. The Division also administers appeal hearings conducted by the City Treasurer.

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Revenue Collections

The Revenue Collections Division administers the Delinquent Accounts and Parking programs. The Delinquent Accounts Program is responsible for the administration and collection of delinquent accounts referred to the City Treasurer by other City departments and agencies. The Program also represents the City in small claims court actions on delinquent accounts. The Parking Administration section handles parking citation customer service functions, issues residential parking permits, and reviews and processes parking citation appeals. The Parking Meter Operations section collects parking meter revenue and installs and maintains City parking meters. The Consolidated Payments section processes parking citation and delinquent account payments and distributes and reconciles related revenue.

The Department's mission is:

To receive, safeguard, and efficiently manage public funds while providing the highest level of customer service

Goals and Objectives

The following goals and objectives represent the action plan for the Department.

Goal 1: Safeguard all City monies through the use of strong internal controls

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Continue to ensure safe and secure working facilities
- Maintain a secure data environment that safeguards information collected by the Department

Goal 2: Engage in continuous improvement to effectively manage resources

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Continuously evaluate business processes to identify areas for improvement
- Utilize technology to continue enhancing the services provided

Goal 3: Stay current and in compliance with laws and regulations that pertain to treasury services

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Ensure compliance with legal and regulatory requirements
- Provide training, educational and networking opportunities to ensure that employees are aware of changes to applicable laws and regulations
- Maintain compliance with internal and external audit reviews

Goal 4: Provide world-class customer service to both internal and external customers

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Assist the public in understanding the services that the Department provides
- Deliver services to customers effectively and efficiently
- Effectively provide accurate and timely information to customers and stakeholders

Goal 5: Foster and promote a supportive, collaborative, and integrated work environment through a trained and skilled workforce

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Provide necessary equipment, training, and resources to support employees
- Create an environment where employees are celebrated and recognized for outstanding performance

Goal 6: Promote the highest ethical standards and behavior among employees

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Train staff and management on the City's ethical standards
- Management review of standards and ethical practices at regular intervals (staff meetings)

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Goal 7: Prudently invest and manage the City's cash investment portfolio pursuant to the State of California Government Code

The Department will move toward accomplishing this goal by focusing on the following objectives.

- Fully comply with the City's Investment Policy
- Preserve principal, ensure liquidity, and achieve a reasonable yield for the City's Pooled Investment Fund
- Annually update the City's Investment Policy to reflect new legislative changes and prudent investment practices

Service Efforts and Accomplishments

The City Treasurer Department completed its Banking Services Request for Proposal project in Calendar Year 2007. This effort awarded contracts for core banking, custodial, and electronic direct deposit payroll services. The City will realize a 6.7 percent savings over the life of the five-year contract for core banking services.

Treasury Operations continues to deliver outstanding customer service to its lobby customers. Cashiering accepts all citywide payments (54,274 payments totaling \$1.6 billion) and Business Tax staff assist business and rental tax customers. In Fiscal Year 2007, lobby surveys revealed a 92 percent overall customer service satisfaction rating.

Business and Rental Unit Tax

The Business Tax Program contracted with the Franchise Tax Board to enhance its compliance enforcement efforts. This program will ensure that businesses operating within the City are in compliance with the City's Business Tax regulations.

General Accounting

The City Treasurer Department's General Accounting Program is in the process of implementing City-wide Cash Handling Training. The training will serve to educate staff City-wide on cash handling policies and procedures. The program will improve cash handler skills and knowledge, increase customer awareness and service, increase cash handler accountability, ensure that City assets are safeguarded, and create standardized cash handling practices consistent with recommended best practices.

The General Accounting Program successfully implemented and began overseeing the collection of the new San Diego Tourism Marketing District (TMD) in January 2008.

The General Accounting Program revised the City's bank reconciliation process to accurately and timely reconcile the general ledger to all five bank accounts. This new and improved process completes an essential process improvement recommended by the Kroll Report.

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In June 2007, the liquidity portfolio reported an earned income yield of 5.28 percent, and the core portfolio yielded 4.45 percent, which was 39 basis points higher than its benchmark (Merrill Lynch 1-3 Year Treasury Index).

The Investments Division evaluated and selected an electronic trading platform vendor which will enhance trade execution and transparency to bond transactions. During the annual review and approval of the City Treasurer's Investment Policy, a new investment class, under certificate of deposit, was added. These certificates are issued by various local banks and use a private network to fully insure both principal and interest owed.

Revenue Audit and Appeals

The Revenue Audit and Appeals Division continues to conduct mandatory revenue audits in order to identify deficiencies and maximize recovery. In Fiscal Year 2007, 139 revenue audits (hotels, lessees, business taxes, and franchises) were completed resulting in recoveries of \$2.5 million.

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The Delinquent Accounts Program maintains a net collection rate of 85 percent on delinquent receivables. Due to the Program's aggressive stance on collections and resulting success, the Program is frequently contacted by other cities for assistance in setting up delinquent account collection programs.

The Downtown Varied Rates/Time limits and Multi-Space Parking Pay Station pilot projects were successfully completed, improving parking space utilization rates and parking meter revenue in test areas, with positive public/customer acceptance. A total of 51 multi-space parking pay stations are in service citywide. Each multi-space pay station replaces six to ten single head parking meters, allows customers a broader range of payment options, including credit cards, and improves the overall aesthetics of city streets and sidewalks. City staff is working with the City's community parking districts to expand the use of this technology.

The Revenue Collections Division replaced the aging parking citation system with a new state-of-the-art system and implemented systems for accepting parking citation and delinquent account payments on-line and via telephone 24/7. The new systems improve reliability, security; and internal controls; reduce credit card payment processing costs; improve security of customer credit card information; and enhance overall customer service.

The Parking Administration section and Delinquent Accounts Program maintained a consistently high 24-month collection rate (82.6 percent) on parking citations. This rate is the third highest collection rate in the country when compared to other parking agencies that participated in a nationwide survey conducted in 2006 by the City of Dallas.

Budget Dollars at Work: Performance Expectations

Goal 1: Safeguard all City monies through the use of strong internal controls

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Average number of days for bank account reconciliations to be completed in adherence with Kroll Report remediation guidelines	N/A	9.5 days	within 45 days of month-end statements
2. Percent of departments that receive City-wide cash handling training	N/A	N/A	10%
3. Percent accuracy in daily cashiering balancing of incoming revenue	N/A	100%	100%

Goal 2: Engage in continuous improvement to effectively manage resources

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Number of manual processes transitioned to an electronic platform	N/A	5	1

Goal 3: Stay current and in compliance with laws and regulations that pertain to treasury services

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Internal and external audit results in compliance with legal and regulatory requirements	unqualified opinion (no negative findings)	unqualified opinion (no negative findings)	unqualified opinion (no negative findings)
2. Results from unscheduled departmental (internal) cash counts	N/A	N/A	favorable
3. Completion of transient occupancy tax, lease, and franchise audits	within required time frames	within required time frames	within required time frames

Goal 4: Provide world-class customer service to both internal and external customers

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Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Customer survey results of customer service satisfaction	92%	90%	93%

Goal 5: Foster and promote a supportive, collaborative, and integrated work environment through a trained and skilled workforce

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Percent of professional workforce attending trainings, conferences, and continuing education programs	N/A	93%	90%

Goal 6: Promote the highest ethical standards and behavior among employees

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Percent of supervisors and managers in compliance with required ethics and harassment trainings	100%	100%	100%
2. Percent of workforce attending monthly staff meetings where review of ethics standards and guidelines occur	N/A	100%	100%

Goal 7: Prudently invest and manage the City's cash investment portfolio pursuant to the State of California Government Code

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Percent of investments in compliance with the Investment Policy	100%	100%	100%
2. The number of basis points the Core Portfolio outperformed the Merrill Lynch 1-3 year Treasury Index (on a rolling 3-year calendar basis)	19.0 basis points ¹	25.1 basis points	Merrill Lynch 1-3 year Treasury Index
3. Receive Council approval of the annually updated Investment Policy	Yes	Yes	Yes

Budget Dollars at Work: Sizing and Workload Data

	Actual FY2005	Actual FY2006	Actual FY2007	Actual FY2008	Target FY2009
Amount of City operating and capital improvement funds the department is responsible for investing	\$1.3B	\$1.4B	\$1.8B	\$2.0B	N/A
Amount of debt proceeds the department is responsible for reinvesting	\$124M	\$146M	\$230M	\$431M	N/A
Amount of City-wide revenues deposited and recorded	\$1.6B	\$1.7B	\$1.6B	\$1.5B	\$1.7B
Amount of Business Tax assessments collected	\$13.7M	\$15M	\$13.9M	\$16.8M	\$15.4M
Amount of Business Improvement District assessments	\$1.2M	\$1.3M	\$1.3M	\$1.1M	\$1.3M
Number of new Business Tax applications processed	14,968	15,803	14,424	19,934	17,873
Number of renewals processed	144,403	145,168	147,527	177,793	156,011
Number of Business Tax telephone customers	62,813	61,547	57,339	72,160	63,707

¹ Data as of December 31, 2007

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	Actual FY2005	Actual FY2006	Actual FY2007	Actual FY2008	Target FY2009
assisted					
Amount of delinquent account revenue collected for under \$25,000 amounts referred	\$15.1M	\$15.3M	\$13.7M	\$11.5M	\$13M
Amount of delinquent account revenue collected for over \$25,000 amounts referred	\$10.0M	\$33.9M	\$16.5M	\$15.7M	\$10M
Number of delinquent account collections telephone contacts made	237,762	207,557	196,680	177,490	200,000
Number of parking citation payments processed	443,962 (totaling \$20.9M)	365,118 (totaling \$16.7M)	404,692 (totaling \$19.0M)	417,800 (totaling \$19.2M)	420,000 (totaling \$19.4M)
Number of parking citation appeals reviewed, processed, and decided	32,985	33,610	27,972	24,624	29,000
Number of parking citation telephone customers assisted	57,169	62,971	56,713	54,257	60,000
Amount of City parking meter revenue collected	\$7.1M	\$6.4M	\$7.4M	\$7.6M	\$7.6M
Weight of City parking meter coin collected	367,290 pounds	364,245 pounds	357,736 pounds	376,970 pounds	340,000 pounds
Amount of Transient Occupancy Tax assessments collected	\$121.6M	\$136.4M	\$153.6M	\$158.5M	\$176M
Number of revenue audits performed	165 (totaling \$1.5M)	118 (totaling \$1.7M)	139 (totaling \$2.5M)	105 (totaling \$1.4M)	130 (totaling \$2.0M)
Amount of interest earnings received on the City's Pooled Investment Portfolio	\$20.6M	\$38.0M	\$66.8M	\$93.2M	N/A